

Audit



Report

OFFICE OF THE INSPECTOR GENERAL

**CASH ACCOUNTABILITY IN THE DEPARTMENT
OF DEFENSE, FOR THE IMPREST FUND
WITHIN THE DIRECTORATE OF CONTRACTING,
U.S. ARMY SOLDIER SUPPORT CENTER,
FORT BENJAMIN HARRISON, INDIANA**

Report No. 94-087

April 20, 1994

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**INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
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Report No. 94-087

April 20, 1994

**MEMORANDUM FOR DIRECTOR, FIELD OPERATIONS AND ACCOUNTING
CONSOLIDATION, DEFENSE FINANCE AND
ACCOUNTING SERVICE-INDIANAPOLIS CENTER**

SUBJECT: Audit Report on Cash Accountability in the Department of Defense, for the Imprest Fund Maintained Within the Directorate of Contracting, U.S. Army Soldier Support Center, Fort Benjamin Harrison, Indiana (Project No. 3FG-2019.06)

Introduction

We are providing this final report on the subject audit for your review. The total value of the audited imprest fund was \$5,000. This report is part of our audit of cash accountability within the Department of Defense, and the results of this audit will be included in a consolidated report.

Audit Results

Our surprise audit on January 19, 1994, disclosed no discrepancies in the handling of funds in the imprest fund. The cash and amounts on vouchers on hand in the fund when the cash count was made equaled the amount of money authorized to be in the fund. Control over the fund was generally adequate in that vouchers were properly approved, disbursements were made only for authorized purchases, and disbursements were supported by receipts. However, required quarterly reviews and unannounced cash counts by a team outside of Directorate of Contracting had not been done since May 1, 1991.

Objectives

Our objectives were to verify the accountability for cash and related assets and to evaluate the adequacy of procedures used to determine the accuracy of records used to support cash accountability at Department of Defense accounting offices and organizations with imprest funds. We also assessed compliance with applicable laws and regulations and evaluated the DoD Internal Management Control Program as it pertained to the audit objectives, as prescribed by DoD Directive 5010.38, "Internal Management Control Program," April 14, 1987.

Scope and Methodology

This financial related audit was made of the imprest fund maintained at the Directorate of Contracting, Fort Benjamin Harrison, Indiana, the only site we visited. The imprest fund maintained at the Directorate of Contracting is part of Disbursing Symbol Station Number 5053. We made an unannounced cash

count January 19, 1994, of the imprest fund valued at \$5,000 and reviewed the vouchers and receipts on hand in the fund. We also reviewed DD Form 1081, "Statement of Agent Officer's Account," and verified the appointment letters establishing the principal imprest fund cashier and the alternate cashier. We reviewed cash verification files to confirm whether unannounced cash counts had been conducted by the Internal Review Branch. The audit was made in accordance with auditing standards issued by the Comptroller General of the United States as implemented by the Inspector General, Department of Defense, and accordingly, included such tests of internal controls as were considered necessary. No computer-processed information was involved.

Internal Controls

Internal controls over funds were generally adequate in that vouchers in the fund were properly approved and purchases were for authorized items and were supported by receipts. We reviewed the physical controls over the imprest fund cashier's area and procedural controls over security. Regulations require that combinations for safes and vaults be changed at least every 12 months, and the combinations were changed as required at the Directorate of Contracting. However, cash verification files for the previous 12 months confirmed that required unannounced cash counts and quarterly reviews by teams appointed by the Base Commander had not been accomplished. The quarterly reviews on file consisted of the consolidation of monthly expenditure reports which the imprest fund cashier sent to the Director of Contractor, and the Director of Contractor sent to the Cash Control Officer. The last review done by a team appointed by the Base Commander was done on May 1, 1991, and no discrepancies were found. Responsible personnel stated that external quarterly reviews required by the Base Commander ceased when the finance and accounting offices were reorganized under the Defense Finance and Accounting Service. Personnel in the Consolidated Network Operations Division, within the Defense Finance and Accounting Service-Indianapolis Center, cited scarce resources as the reason they have not conducted quarterly reviews and unannounced cash counts. Otherwise, the Internal Management Control Program complied with applicable regulations.

Prior Audits and Other Reviews

No external audits or reviews of this imprest fund have been done within the last 5 years. The last internal review was conducted on May 1, 1991 as discussed above.

Background

The Defense Finance and Accounting Service has overall responsibility to manage Department of Defense cash and related assets. Policies and guidance governing imprest funds are set forth in the Federal Acquisition Regulations and Department of Defense Financial Management Regulation 7000.14-R volume 5, December 16, 1993. Payments from the funds are to be made only for goods or

services procured by properly authorized personnel and for reimbursement for travel expenses in accordance with joint travel regulations.

Discussion

The review of documentation in the fund included a determination that vouchers had proper approval, that receipts were available, and that totals on vouchers and cash on hand equaled the amount of money authorized in the fund. Payments were for goods and services procured by authorized personnel and for payment of travel expenses. In addition, internal controls over the imprest fund were generally adequate, with the exception of the lack of external quarterly reviews. The DoD Internal Management Control program framework was in place. The imprest fund was also in compliance with all key laws and regulations applicable to cash management.

Management Comments

This report contains no recommendations. Accordingly, comments pursuant to provisions of Department of Defense Directive 7650.3 are not required. However, if you choose to respond, please do so by May 20, 1994.

The cooperation and courtesies extended to the auditors during this audit are appreciated. If you have questions about this audit, please contact Mr. Richard B. Bird, Program Director, at (317) 542-3859 (DSN 699-3859) or Mr. Carmelo G. Ventimiglia, Project Manager, at (317) 542-3852 (DSN 699-3852). We will give you a formal briefing on the results of the audit within 15 days of the date of this memorandum should you desire it. The distribution of the report is in the enclosure. A list of audit team members is inside the back cover.



Robert J. Lieberman
Assistant Inspector General
for Auditing

Enclosure

cc:
Director, Defense Finance and Accounting Service

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